

Message Text

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47

ACTION EUR-25

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AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS UNN

AMEMBASSY TOKYO

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TAGS: ETRD, EEC, DA

SUBJECT: DANISH VIEWS ON TRADE BILL AND MULTILATERAL TRADE
NEGOTIATIONS

REF: EC BRUSSELS 1958

BEGIN SUMMARY. PRELIMINARY DANISH GOVERNMENT REACTION TO
US TRADE BILL IS MIXED. THEY LIKE BROAD TARIFF NEGOTIATING
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AUTHORITY, PROVISIONS FOR REDUCTION OF NON- TARIFF BARRIERS, AND POTENTIAL ACCESS TO MFN FOR COMMUNIST COUNTRIES. THEY ARE DISTURBED BY SAFEGUARD PROVISIONS WHICH THEY FEAR MAY UNDULY EMPHASIZE PROTECTIONIST ASPECTS OF NEGOTIATIONS. THEY ALSO WONDER WHETHER PROPOSED GENERALIZED PREFERENCES FOR LDC' S ARE GENEROUS ENOUGH . ON FIRST LOOK, THEY FIND EC COMMISSION' S MEMORANDUM ON AN OVERALL APPROACH TO THE MULTILATERAL TRADE NEGOTIATIONS MORE LIBERAL THAN MIGHT HAVE BEEN EXPECTED, PARTICULARLY ON AGRICULTURE. HOWEVER, DENMARK WILL WANT TO PROPOSE A NUMBER OF MODIFICATIONS. EFFORTS TO COORDINATE A COMMON NORDIC POSITION FOR THE TRADE NEGOTIATIONS HAVE BEGUN BUT DO NOT LOOK PROMISING. END SUMMARY..

1. KEY FONOFF OFFICIAL ON TRADE POLICY (ERIK HAUGE, FORMERLY ECON COUNSELOR IN WASHINGTON) PROVIDED EMBOFF FOLLOWING COMMENTS ON TRADE BILL, EC COMMISSION MEMORANDUM ON MTN (REFTEL), AND EFFORTS TO DEVELOP NORDIC COORDINATION ON MTN, WHICH HE DESCRIBED AS REPRESENTATIVE OF PRELIMINARY DANISH GOVERNMENT VIEWS.

2. TRADE BILL- FAVORABLE ASPECTS. BECAUSE OF BRIEFINGS RECEIVED BY DANISH PERMREP IN BRUSSELS AND BY FOREIGN ECONOMICS MINISTER NORGAARD AND OTHERS IN COPENHAGEN FROM ASST SECY ARMSTRONG, BASIC TENOR OF TRADE BILL WAS FAMILIAR BEFORE PUBLICATION. DANISH GOVERNMENT IS PLEASED WITH BROAD TARIFF NEGOTIATING AUTHORITY WHICH ENCOMPASSES POSSIBILITY OF REDUCTION OF INDUSTRIAL TARIFFS TO ZERO, AS CONTINUES TO BE DANISH POSITION. THEY ALSO FIND APPROACH TO NTB' S SOUND, ALTHOUGH DO NOT UNDERRATE DIFFICULTIES IN THIS AREA. DANISH POSITION IS FOR MAXIMUM NTB REDUCTION. THEY REGARD AUTHORITY FOR EXTENSION OF MFN TO COMMUNIST COUNTRIES IMPORTANT FURTHER STEP TOWARD NORMALIZATION OF RELATIONS WITH EASTERN EUROPE AND USSR, WHICH DENMARK STRONGLY FAVORS.

3. TRADE BILL-- DISTURBING ASPECTS. DANES CONCERNED ABOUT EMPHASIS GIVEN SAFEGUARDS IN BILL. WHILE UNDERSTANDING US DOMESTIC REQUIREMENTS AND PRAGMATIC NEED TO ASSURE SAFEGUARDS WHILE TRADE BARRIERS ARE REDUCED, EFFECT OF BILL, IN DANISH VIEW, WOULD BE ESTABLISHMENT OF SYSTEM OF US SAFEGUARDS BEFORE TARIFF REDUCTIONS ACTUALLY NEGOTIATED. THIS, THEY FEEL, WOULD NOT ONLY GIVE MTN PSYCHOLOGICAL TINGE OF PROTECTIONISM, BUT ALSO MAKE LIMITED OFFICIAL USE

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SAFEGUARDS DIFFICULT TO NEGOTIATE. HAUGE SAID DANISH OFFICIALS WERE PARTICULARLY DISTURBED BY LENGTH OF TIME (7 YEARS) IN WHICH IMPORT RELIEF COULD BE PROVIDED. DANES ALSO DISAPPOINTED BY WHAT THEY VIEW AS UNGENEROUSLY LOW QUANTITATIVE AND VALUE LIMITATIONS ON PREFERENCES UNDER GSP PROVISIONS. HAUGE NOTED THAT DENMARK BELIEVES IT IMPORTANT TO MAXIMIZE BENEFITS TO LDC' S FROM THE START AS CONCOMITANT TO GRADUAL TRADE BARRIER REDUCTIONS

AMONG DEVELOPED COUNTRIES SO THAT LDC'S CAN MAKE THEIR
MARKET WHILE TARIFF PREFERENCE STILL HAS SOME MEANING.

4. EC COMMISSION MEMORANDUM ON MTN. HAUGE SAID DOCUMENT
HAS NOT YET HAD CLOSE GOVERNMENT SCRUTINY BUT HE FELT THAT, ON THE
WHOLE, IT WAS MORE FORTHCOMING THAN MIGHT HAVE BEEN EXPECTED,
PARTICULARLY ON AGRICULTURE. HE THOUGHT THE INDUSTRIAL CUSTOMS
TARIFFS SECTION TOO GENERAL AND SAW PROBLEMS IN THE HARMONIZATION
APPROACH, HOWEVER DISGUISED. HE SAID THAT DENMARK WILL PROBABLY
BE MAKING A SERIES OF SUGGESTIONS FOR CHANGES, BUT WAS UNDER NO
ILLUSION ON THE INFLUENCE IT WOULD BE ABLE TO BRING TO BEAR IN
MODIFYING THE DOCUMENT MORE TO DENMARK'S LIKING.

5. NORDIC COORDINATION ON TRADE POLICY. HAUGE RECALLED THAT
AT FEBRUARY 17-21, 1973, NORDIC COUNCIL MEETING IT WAS AGREED
"TO INVESTIGATE THE CONDITIONS FOR A COMMON NORDIC ATTITUDE
DURING THE COMING GATT NEGOTIATIONS". THE FIRST SUCH MEETING,
WHICH HAUGE CHAIRED, WAS HELD IN COPENHAGEN ON
APRIL 12 WITH REPS OF FINLAND, NORWAY AND SWEDEN PRESENT. HAUGE
WAS FRANKLY CYNICAL ABOUT PROSPECTS OF NORDIC COORDINATION SINCE,
WITH DENMARK A FULL EC MEMBER, ONLY WAY IN WHICH COMMON
ATTITUDE COULD BE ACHIEVED WOULD BE FOR ACCEPTANCE BY OTHER
NORDICS OF POSITIONS DETERMINED BY EC. HAUGE WAS, THEREFORE,
PLEASED BY ACKNOWLEDGEMENT BY OTHERS OF THIS REALITY IN FIRST
MEETING; ALL CONCURRED THAT A COMMON NORDIC POSITION ACROSS
THE BOARD WOULD BE UNLIKELY. IT WAS, HOWEVER, AGREED THAT

EFFORTS WOULD BE MADE IN SUBSEQUENT MEETINGS (TO BE HELD EVERY
MONTH OR TWO) TO IDENTIFY INDIVIDUAL ISSUES OF COMMON NORDIC
CONCERN AND THESE WOULD THEN BE PRESENTED BY DENMARK AT
BRUSSELS, THUS GIVING DANES SOMEWHAT GREATER LEVERAGE THAN
THEY MIGHT OTHERWISE HAVE WITHIN EC. IN THE COURSE OF THE
MEETING, HAUGE THOUGHT IT BECAME RATHER CLEAR THAT THE SWEDES
AND NORWEGIANS WILL BE CONTENT TO SPEND MOST OF THEIR TIME
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SITTING ON THE SIDELINES DURING THE EARLY STAGES OF THE MTN.
DUNNIGAN

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